

Message Text

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67

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 EB-11 COME-00 STR-08 SCEM-02

INT-08 SCI-06 DRC-01 SAB-01 /168 W

----- 001314

R 272307Z NOV 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 5626

AMEMBASSY PANAMA

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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3.O. 11652: N/A

TAGS: ENRG, TECH, CS

SUBJECT: ENERGY CRISIS--GOCR CONSIDERS MEANS TO FORCE CRISIS

REF: (A) STATE 229465; (B) STATE 229496; (C) STATE 229466

SUMMARY: COSTA RICA'S PETROLEUM SITUATION IF ANYTHING
WORSENEED OVER THE WEEKEND. THE GOCR IS CONSIDERING
A NUMBER OF APPARENTLY LONG-TERM MEASURES INCLUDING
30 PERCENT GASOLINE RATIONING AND 15 PERCENT FOR DIESEL.
PRESSURE HAS BEEN PUT ON THE FOREIGN DISTRIBUTORS TO
BRING IN ADDITIONAL SUPPLIES OF REFINED GASOLINE. MINISTER
KOGAN FEELS THAT TEXACO HAS BREACHED FAITH WITH THE GOCR
IN WHAT HE INTERPRETS AS A MISREPRESENTATION OF THE ABILITY
OF THE TEXACO PANAMA REFINERY TO MAINTAIN SUPPLEMENTAL
SUPPLIES OF REFINED GASOLINE AFTER DECEMBER
1973. ACTION REQUESTED: FOR PANAMA: FOR
BACKGROUND INFO ONLY, WOULD APPRECIATE IN-HOUSE
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ASSESSMENT OF TEXACO REFINERY SITUATION. KOGAN FEELS

ON BASIS OF DISCUSSION WITH GOP MINISTER MANFREDO
TEXACO EXCUSES FOR NOT RENEWING CONTRACT ARE SPECIOUS.

1. DESPITE HOPES TO THE CONTRARY, COSTA RICA'S
GASOLINE SITUATION APPEARED TO WORSEN OVER THE
WEEKEND, WITH DELIVERIES TO PUMPS ON MONDAY REPORTEDLY
ABOUT 30 PERCENT BELOW NORMAL. AGAINST THIS BACKGROUND,
THE GOCR RIY HAVE DECIDED IT MUST PREPARE FOR THE LONG
PULL. MINISTER OF ECONOMY, INDUSTRY AND COMMERCE
KOGAN CALLED IN THE FOUR FOREIGN DISTRIBUTORS (ESSO,
TEXACO, CHEVRON, SHELL) THE MORNING OF NOVEMBER 27
AND ACCORDING TO ONE DISTRIBUTOR TOLD THEM THE GOCR
EXPECTED WITHIN THE NEXT FEW DAYS TO ISSUE A DECREE WHICH WOULD:
(A) RESTRICT DELIVERIES OF GASOLINE TO RETAIL OUTLETS
BY 30 PERCENT OF AVERAGE FOR THE YEAR ENDING SEPTEMBER 30, 1973,
(B) RESTRICT DIESEL BY 15 PERCENT,
(C) CLOSE STATIONS ON SUNDAYS POSSIBLY STARTING AS
EARLY AS NOON, SATURDAY,
(D) RESTRICT FUELING OF FISHING BOATS AND OTHER
VESSELS TO COSTA RICAN FLAG VESSELS ONLY.

2. IN ADDITION, KOGAN ASKED EACH OF THE FOUR
DISTRIBUTORS TO IMPORT 25,000 BBLS. OF REFINED
GASOLINE FOR BUILDING UP INVENTORIES, THEREBY SUPPLEMENTING
PRODUCTION OF COSTA RICA'S REFINERY, RECOPE,
WHICH, OF COURSE, ALONE IS UNABLE TO SUPPLY THE
MARKET (SEE A-209). HE ADMITTED TO THE DISTRIBUTORS
THAT HE HAD NOT BEEN ABLE TO NEGOTIATE DIESEL SUPPLY
CONTRACTS DURING HIS RECENT VISIT TO VENEZUELA, AND
THEREFORE SAW THE DIESEL PROBLEM AS POTENTIALLY MUCH
MORE SERIOUS THAN THAT OF GASOLINE, PARTICULARLY IN
VIEW OF THE ANTICIPATED DEMAND FOR FUEL FOR NEW GE
THERMO-ELECTRIC GENERATORS PURCHASED TO AVOID A RECURRENCE
OF LAST YEAR'S ELECTRIC ENERGY SHORTAGE. KOGAN SAID THE
DISTRIBUTORS WOULD BE ALLOWED ANOTHER PRICE INCREASE
AFTER THE FORTHCOMING ELECTIONS.

3. COMMENT: KOGAN SEEMED TO GIVE THE
IMPRESSION DURING THE MEETING THAT THE GOCR FULLY
REALIZED IT MUST BITE THE BULLET AND WAS PREPARED TO DO
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SO. THE PROBLEM MAY NOT BE SO MUCH ONE OF REGULARIZING
THE IMMEDIATE SITUATION, AS ONE OF WHAT HAPPENS WHEN THE
PRESENT SUPPLEMENTAL SUPPLY CONTRACT WITH TEXACO EXPIRES
ON DECEMBER 31. THUS, IN HIS MEETING WITH THE DISTRIBUTORS
HE PUT STRONG EMPHASIS ON BUILDING UP INVENTORIES
NOW. IN THIS REGARD, KOGAN'S PROPOSED RATIONING
PROGRAM WOULD SEEM TO AGREE WITH THE EMBASSY'S
ESTIMATE OF EXCESS OF GASOLINE DEMAND OVER SUPPLY

FOR 1974; I.E. ROUGHLY 33 PERCENT. IN A CONVERSATION WITH EMBOFFS IMMEDIATELY AFTER THE MEETING, HOWEVER, KOGAN ALLUDED TO THE IMPATIENCE AND LACK OF UNDERSTANDING OF THE PUBLIC (READ, THE POLITICAL PRICE THE PRESENT SHORTAGE WAS EXACTING), AND HOW IF THE OIL COMPANIES COULD FULFIL THEIR 25,000 BBL. QUOTAS, THIS WOULD BE BUT A "TINY BIT" FOR THEM IN THE WORLD-WIDE SCHEME OF THINGS BUT WOULD BE A GREAT HELP HERE. (THEIMPLICATION WAS THAT PERHAPS HIS COMMITMENT TO A TOUGH RATIONING PROGRAM WAS NOT SO STRONG AND THE 100,000 OF BBLs. SOMEHOW MIGHT ALLOW THE PROBLEM OF RATIONING TO BE PUSHED OFF FOR A TIME.)

4. KOGAN SAID THAT ONE OF THE DISTRIBUTORS (WE THINK SHELL) HAD ALREADY AGREED TO THE IMPORT QUOTA PROVIDED OTHER DISTRIBUTORS ALSO COME THROUGH BUT HE HAD HARSH WORDS FOR TEXACO. HE CHARGED THAT TEXACO HAD DELIBERATELY MISLED HIM REGARDING THE FUTURE AVAILABILITIES OF SUPPLEMENTAL SUPPLIES FROM ITS PANAMA REFINERY. EMBASSY UNDERSTANDS THAT THROUGH A CONTRACT WITH ALLIED CHEMICAL, TEXACO WAS TO MAKE DELIVERIES THROUGH DECEMBER, SUBSEQUENTLY ATTEMPTED TO CANCEL THE AGREEMENT ON GROUNDS OF NONAVAILABILITY OF MID-EAST CRUDE, BUT THEN AGREED TO MEET PRESENT COMMITMENTS, --BUT NOT BEYOND 1973. HOWEVER, KOGAN NOW SAYS TEXACO PROMISED TO CONTINUE DELIVERIES NEXT YEAR AND THEN RENEGED.) KOGAN SAID HE HAD LEARNED FROM PANAMANIAN MINISTER OF COMMERCE MANFREDO THAT THE PANAMA REFINERY HAS SUFFERED LITTLE FROM THE MID-EAST SHORTAGE AND PRESUMABLY COULD GO ON MEETING COSTA RICA'S NEEDS. KOGAN NOW SEES THE PROBLEM INsofar AS COSTA RICA'S DEALING WITH TEXACO IS CONCERNED AS NOT ONE OF TEXACO'S INABILITY TO HELP BECAUSE OF THE WORLD ENERGY LIMITED OFFICIAL USE

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SHORTAGE, BUT ONE OF LACK OF GOOD FAITH ON TEXACO'S PART.
VAKY

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